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BAGHDAD FOR AMBASSADOR ERELI

E.O. 12958: DECL: 02/03/2029

TAGS: EPET PREL IR BA

SUBJECT: BAHRAIN-IRAN GAS DEAL STILL FAR OFF

REF: 08 MANAMA 715

Classified By: CDA Christopher Henzel for reasons 1.4 (b) and (d)

11. (C) Minister for Oil and Gas Abdul Hussein Mirza told CDA during a meeting January 28 that any agreement for Bahrain to purchase natural gas from Iran was still a long way off. Reiterating that last September's Bahrain-Iran MOU was merely an agreement to continue negotiating, he predicted that before there was any final agreement, Bahrain and Iran would need to have lengthy discussions over the coming year about financing the infrastructure to get gas to Bahrain and the price of the gas. He said buying gas from Iran was the option least attractive to the GOB, and admitted that the continuing Bahrain-Iran negotiations were largely aimed at prompting Qatar or Saudi Arabia to reconsider their current positions against selling gas to Bahrain.

 $\P 2.$ (C) CDA reiterated the USG's view that any deal with Iran would undermine international efforts to pressure Iran to alter its behavior.

HENZEL